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on Friday, 15 May 1992, at 3 p.m.

President: Mr. BREITENSTEIN (Finland)
later: Mr. SENILOLI (Fiji)

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The meeting was called to order at 3 p.m.

UNITED NATIONS TECHNICAL COOPERATION ACTIVITIES (agenda item 8) (continued) (DP/1992/35 and Add.1-3 and 36)

1. Mr. KONG (United Nations Department of Economic and Social Development), replying to the comments made, said that the representatives of a number of countries had emphasized the important efforts being undertaken in support of national execution and the priority given to the least developed and African countries, and some of them had made special reference to the Department's involvement in technical cooperation among developing countries (TCDC). In fact, the Governing Council, in its Decision 90/34, had included TCDC among the six priorities for the fifth programming cycle and the Department expected to work further with UNDP in translating that priority into practical activities.

2. A main subject of interest in the debate had been the question of the reform of the United Nations Secretariat and the role of the new Department of Economic and Social Development in relation to UNDP. The consultants' study undertaken prior to the establishment of the new Department had also been taken into account. There had been general agreement that the consultants' study, despite its merits, should be deferred until the 1993 session of the Governing Council and then considered in a different context, namely, that of the United Nations reforms in general and the governance and financing of United Nations sytem operational activities.

3. Concerning the role of the United Nations Secretariat in operational activities, there had been different opinions expressed; some representatives considered that, as a matter of principle, the United Nations Secretariat should not engage in operational activities which should accordingly be transferred to other units. Others took the view that one of the main advantages of the reorganization was that it would combine analytical and research activities with operational ones.

4. The representative of Indonesia had asked whether the restructuring would adversely affect the performance of the United Nations in operational activities. The answer was that the combination of United Nations capacities had been greatly enhanced by the placing of both analytical and technical capacities in a single department. DESD combined elements of coordination, research and technical cooperation into one coherent and synergistic entity, thus concentrating all the mandates that had previously been distributed among five Secretariat units and making possible a reassembly of capabilities that had previously been fragmented.

5. A question had also been asked about the distinction between normative functions in the Secretariat and operational activities. The technical competences of the Secretariat covered a great number of sectoral specialities and its work was carried out in terms of both analysis and development assistance. Those technical specialities had henceforth been concentrated in the new Department. The consultants' recommendations for closer cooperation between UNDP and the then Department of Technical Cooperation for Development, would be reviewed in the wider context of the current restructuring but a number of them would be taken into account in the ongoing discussions with UNDP on closer cooperation.

6. As indicated by the Associate Administrator at the previous meeting, the Governing Council might wish to ask for a new report for its 1993 session but that would have to be seen in the wider context of restructuring the United Nations Secretariat. The Secretariat was well aware of the need to take advantage of the strength of each organization and to avoid duplication and overlapping. As had been announced by the Secretary-General, the main goal of the restructuring was to maximize the impact of the United Nations on economic and social development, while strengthening the capacity of the Organization in the areas of vital concern to the Member States and, in particular, to the developing countries.

7. The PRESIDENT said that the Governing Council had completed its general discussion of agenda item 8. If he heard no objection, he would take it that the Council wished the Drafting Group to begin its preparation of a draft decision on the subject.

8. It was so decided.

PROGRAMME-LEVEL ACTIVITIES (agenda item 3) (continued)

(a) ENVIRONMENT (continued) (DP/1992/14)

9. The PRESIDENT said that the text of a statement by the representative of WMO would be provided to the Secretariat for the information of the Drafting Group.

(b) UNDP ASSISTANCE IN PRIVATE SECTOR DEVELOPMENT (DP/1992/15)

10. Mr. EDGREN (Assistant Administrator, United Nations Development Programme), introducing the sub-item, said that the Administrator's report (DP/1992/15) had been submitted in accordance with Governing Council Decision 91/11.

11. The role of entrepreneurship in economic development had received great attention from the General Assembly at its forty-fifth and forty-sixth sessions. In December 1992, the Assembly had adopted resolution 46/166, entitled "Entrepreneurship" which welcomed the activities being undertaken by the agencies of the United Nations system to promote entrepreneurship in economic development and recognized the important role of technical assitance in that regard, the central funding role of UNDP and the establishment by UNDP of its Division for the Private Sector in Development (DPSD).

12. UNDP was uniquely positioned, as a neutral non-ideological partner of the developing countries, to assist Governments to mobilize the capacity and drive of the private sector in support of human development, with a focus on the six priority areas of capacity building identified by the Governing Council.

13. That comparative advantage was strengthened by UNDP's ability to draw on the required expertise from the United Nations system and private-sector entities, including that of high-level volunteer advisers from the business community, and its own intimate knowledge of country conditions and development priorities through its wide network of field offices.

14. UNDP's new Division had a pivotal role to play in its private sector related activities and in coordinating the implementation of the two-pronged strategy developed for the fifth cycle. It would provide assistance to Governments in the establishment of the supportive policy and regulatory environment for the development of the private sector and would strengthen the intellectual infrastructure, institutions and skills needed to improve efficiency in the private sector, focusing on four substantive areas of activities: the policy environment, the financial markets and systems, privatization and small enterprise development.

15. The strategy would be implemented with full consideration of activities funded through country, regional, interregional and global programmes and other bilateral and multinational sources. It would also raise awareness of issues concerning the enhancement of the role of women in development, the environment and the combating of poverty.

16. As stated by the Administrator, UNDP would strengthen communication and cooperation with other concerned United Nations system organizations to achieve the effective level of coordination called for by General Assembly resolutions at both the headquarters and field levels, the objective being to optimize the use of scant resources and mainstream private sector activities in the overall development process.

17. Mr. CRUSE (France), having stated that his delegation had studied the report on private-sector development (DP/1992/15) with special interest, said that, in the past, his Government had been reluctant to see UNDP become involved in that area, since it feared that such an initiative might go beyond UNDP's mandate and doubted whether the Programme had the capacity to manage such projects. It had subsequently concluded, however, that UNDP could play an essential role in that field by encouraging creativity, broadening the range of economic and social choices of small producers and strengthening the participatory character of the development process.

18. UNDP must, however, ensure that its activities took account of the investment programmes of the World Bank, the regional banks and other bilateral financial institutions; it must also take care that its activities were coordinated with those of other competent bodies such as the ICC, WIPO, UNIDO and ILO. It should call on the services of high-level volunteers from business circles, in which connection the United Nations International Short-Term Advisory Resources (UNISTAR) services would provide an appropriate framework.

19. The first question which arose was whether micro-capital assistance should take the form of loans or grants. As the issue was one of financing productive and profitable activities, it was important to avoid creating a relationship of dependency which would falsify market rules. The provision of capital in the form of grants might on occasion be permissible but that preference should be given to the loan form. His Government used both systems, but quantitatively speaking, loans outweighed grants as they implied a durability which the banking system could, in due course, take over.

20. In that connection, UNDP could establish guarantee funds for business loans, not replacing the banking system but encouraging it to reach out to a public which it had hitherto neglected. That public would also include the informal sector, although rules applicable would differ according to the environment, size and objectives of the activity involved.

21. UNDP should not, however, assume that an efficient micro-enterprise would automatically become a small- or medium-sized enterprise. Different support policies must therefore be developed consistent with the needs of the economic actors concerned. Capital donors must be encouraged to cooperate and to act in a synergistic way. Above all a multiplicity of approaches, rules, nomenclatures, calculations, rates and guarantee systems must be avoided at all costs as confusion would inevitably result. UNDP would have a useful role to play in that regard.

22. It seemed that there was currently no shortage of funds for such activities, but that there was a lack of channels capable of ensuring an effective follow-up of such credit operations. French experts had noted the failure of intermediary agencies to assist small entrepreneurs to manage their operations and their loans. Some successful experiments had, however, taken place, such as the UNDP/ILO experiment in Madagascar. In that connection, his delegation was very interested in the volunteers that UNV could provide.

23. Mr. SEED (New Zealand) said that the Administrator's report (DP/1992/15) was a good one in that it had captured the broad consensus which existed among donors and international agencies and, most importantly, among developing countries. A key component of the international development partnership in future must be a re-examination of the rules which governed public- and private-sector activity within national economies.

24. In the South Pacific region, the heavy concentration of development assistance on the public sector had contributed to the growth of government and an unsustainable dependency on the State. Public enterprises were heavily involved in the provision of commercial goods and services, including infrastructural requirements so that the opportunities for the growth of the private sector had been inhibited.

25. His Government believed that the poor performance of many developing-country economies was closely related to the inadequate policy frameworks of their Governments. It was therefore appropriate that the Governing Council should think carefully about private-sector issues and how they could best be incorporated into the work of the Programme. To increase aid effectiveness, it was essential that assistance be delivered in a policy environment which supported sustainable enterprise. It was important that countries examine their policies in such fields as the labour market, the exchange rate, investment, import protection and financial services, and seek to make adjustments where required. Development-assistance partners could make a contribution in that area, and UNDP had a role in what must be a comprehensive and integrated effort.

26. In the report, the Administrator sought endorsement of a two-pronged strategy. His delegation supported the first part, which focused on creating an environment for private-sector growth through legislative and policy reforms. It was vital that the process of consultation and coordination should be as thorough as the report suggested.

27. The second part of the strategy, which concentrated on developing the necessary infrastructure, institutions and skills, was more problematical. While there was a role for the provision of technical assistance and training opportunities, the private sector should then be left alone to get on with the job of creating growth. UNDP would have to tread a very fine line between supporting the development of businesses, infrastructure, institutions and skills which the market had decided it needed and deciding what was required. If UNDP, not the market, made such decisions, then it risked stifling the very enterprise it was trying to create.

28. Mr. HOLTHE (Norway), speaking on behalf of the delegations of Denmark, Finland and Sweden as well as his own, said that the Nordic countries believed that a dynamic private sector was an important factor in enhancing economic growth and broad-based economic and social development. They also believed, however, that the private sector could not be fully effective without an efficient public sector.

29. Promotion of the private sector should be seen not as an end in itself but as an important vehicle to stimulate production and economic growth. In the view of the Nordic countries, national Governments had a central responsibility to provide an enabling environment for the development of the private sector. That responsibility should, on the one hand, include the necessary financial deregulation but, on the other, promotion of the development of a private sector that responded to relevant social and environmental considerations.

30. The Nordic countries welcomed UNDP's efforts to outline its role and comparative advantage in the area of the private sector. The report did not, however, define what implications those characteristic features could have for its role and strategy in the area of the private sector.

31. The Nordic countries believed that UNDP's strategy for the private sector in development should be based on a clearer definition of what the private-sector concept included. It might be useful, therefore, if a short analysis were made of the sector's needs and developmental issues, followed by an identification of the main objectives for UNDP assistance. If that were combined with a brief description of the main elements of development assistance provided by other organizations, the basis for the development of a UNDP strategy would be provided and a clearer picture given of UNDP's comparative advantage. Its major role should be to contribute to a favourable environment for a development-oriented productive sector. As a neutral and multisectoral multilateral organization, it would have a comparative advantage in providing assistance in connection with legislative reviews and regulatory procedures.

32. The Nordic countries also agreed that the areas of the public sector dealing with the private sector should be strengthened. UNDP had a specific comparative advantage in examining the relations between the public and private sectors and was in a better position to be more responsive to the issues of social responsibilities and human development than, say, the World Bank.

33. Those policy issues relating to public management pointed to the need for UNDP's strategy to be closely integrated with its Management Development Programme. In addition, in the year of UNCED, the strategy should explicitly link production and environmental issues.

34. The Nordic countries shared the Administrator's view tht UNDP had a role to play in supporting the institutions needed to promote the private sector, but believed that UNDP could best use its comparative advantage by providing advice on policy issues to public institutions and business associations rather than giving direct technical assistance to selected private enterprises. In that connection, UNDP's cooperation with ILO on entrepreneurship training in the private sector was very interesting.

35. The Nordic countries welcomed UNDP's efforts to develop a strategy for the private sector in development for the fifth cycle and hoped that feedback from Governments, field offices and United Nations organizations would stimulate further elaboration of the strategy. They would encourage the Division for the Private Sector in Development to cooperate closely with other policy units in UNDP in its future work.

36. Mr. SOUTTER (Canada) said his delegation understood that UNDP, through UNISTAR, had developed a working relationship with a number of voluntary organizations in Northern countries which provided short-term technical advisers to the private sector. Such a relationship was to be encouraged but his delegation hoped that the services would be complementary to and not duplicative of services provided through existing organizations.

37. As for UNDP's intention to seek specialized input from the United Nations system, including UNDP/DPSD, to support entrepreneurship, his delegation questioned whether it was the role of UNDP to educate the specialized agencies, and thought that the private sector knew its own requirements best.

38. Mr. DODSON (United States of America) said that his Government believed that a market-oriented economy was the most effective means of achieving broad-based economic development, since private enterprises, responding to profitable opportunities in a free market, produced jobs, managerial skills and economic growth, contributed wealth to society and improved the quality of life. Moreover, significant equity objectives could be achieved when market forces operated to stimulate an economy towards full employment. His delegation thus welcomed the establishment of the Division for the Private Sector in Development (DPSD) as a focal point for the strategy of providing more focused, more innovative and more effective support of private-sector development in the Member States.

39. UNDP technical assistance to States' efforts to promote entrepreneurship could provide useful additionality to the international efforts to assist emerging economies, but it must be carefully coordinated with, and not duplicative of, related sectoral development assistance being provided by other multilateral organizations and/or bilateral donors.

40. His delegation welcomed UNDP's strategy for adapting private sector development concepts to the particular conditions of the requesting country, testing those concepts and approaches through pilot projects, and disseminating the lessons learnt in the form of modules and case studies readily available for reference.

41. The allocation of $4 million in Special Programme Resources (SPR) funds was not, however, sufficient to have a major impact on all the private-sector areas mentioned in the report. It should thus be focused on areas where the UNDP/DPSD had a true comparative advantage. He questioned, for instance, whether UNDP/DPSD should use its limited funds in areas such as privatization, where other donors were already funding comprehensive programmes.

42. The statement that UNDP "should work to strengthen those areas of the public sector that dealt with the private sector" demanded further clarification. Such a policy might dissipate the limited funds and serve to undermine the general strategic focus of mobilizing entrepreneurial capacity.

43. Mr. MACHIN (United Kingdom) said that his delegation fully agreed with the overall policy thrust of the Administrator's report (DP/1992/15) and it was happy to support the proposals contained therein. It was pleased to note that the lessons learnt from UNDP's previous experience would be fed back to assist the future UNDP strategy.

44. The policy environment and some of the areas to which the representative of Norway had referred were very important, and it was clear that coordination would be essential to avoid duplication and inconsistencies in the provision of advice on policy.

45. Mr. SHEIKH (Pakistan) noting that both developed and developing countries were engaged in the process of privatization, said that UNDP could help to ensure a smooth transfer of public enterprises to the private sector.

46. Pakistan was also undertaking an ambitious programme to transfer public-sector industries and financial institutions to private control, and 115 industrial units had been identified for privatization. Nine new banks had been established while investment, leasing and housing financing corporations had started up or were about to start up in the private sector. The areas which had been opened to the private sector included, as well as banking and finance, power generation, telecommunications, shipping, road construction and port operations.

47. Mr. KALIBWANI (Observer for Uganda) said that his country had a mixed economy in which the public and private sectors operated side by side. His Government had set up an investment centre to guide entrepreneurs to the most suitable areas and to review legislation, regulatory procedures and fiscal and trade systems.

48. As for the two-pronged strategy mentioned in the report (DP/1992/15), care must be taken to ensure that it would apply in cases where existing mechanisms required assistance and would help them to strengthen their capacity.

49. Paragraph 15 of the report should include a reference to a facility that would inform foreign entrepreneurs concerning the possibilities of entering into joint ventures.

50. Mr. MATSVAYI (Zimbabwe) said that his delegation recognized the private sectors contribution to national development in terms of the creation of wealth and employment, and welcomed UNDP endeavours to assist it. It hoped, however, that UNDP would work closely with other donors to avoid duplication of efforts.

51. His Government constantly consulted institutions in the private sector, in connection with its economic reform programme, with a view to achieving sustainable growth in key policy areas. However, it did not regard the private sector as the only motor for such growth but believed that there should be cooperation to create an environment conducive to genuine development. Such cooperation would reduce conflicts of interest in development policies and contribute to the preservation of the environment.

52. Mr. AFANASIEV (Russian Federation) said that the development of the private sector was a key element in his Government's policy of radically reforming the economy. The privatization process was proceeding slowly and much remained to be done. It was very interested in UNDP's activities in that area and looked forward to cooperating with the Programme and obtaining assistance on a consultative basis. It hoped that considerable assistance would be forthcoming.

53. One of the first projects to be undertaken would be aimed at privatization, the development of private businesses, and the preparation of relevant legislation. His Government was already actively cooperating with UNIDO in connection with the investment sector.

54. Mr. Seniloli (Fiji) took the Chair.

55. Mr. EDGREN (Assistant Administrator, United Nations Development Programme), replying to the points raised by delegations, said that he welcomed the strong support given to the idea of the two-pronged strategy.

56. With regard to the first prong, i.e. the policy environment, the only word of caution had been from the representative of the United States who had wondered whether privatization was really within UNDP's competence. Privatization was not, however, a programme, but one of the many instruments used in connection with policy reform and the restructuring of the legal and market environment. UNDP had become involved in privatization in connection with its management development programme, which was aimed at the public sector. One closely related area was the shifting of ownership of enterprises from the public to the private sector.

57. As for the second prong, criticism has been voiced by the representatives of New Zealand and Norway. He wished to make it clear that there was no intention to do anything that UNDP had not done before. It provided training, gave advice to Governments and dealt with the part of the public sector that was responsible for promoting the private sector. In fact, most of its activities were carried out under the second prong.

58. With respect to the statement by the representative of France, he agreed that loans to private enterprises were much better than grants as a means of promoting the sustainable development of the enterprises.

59. Mr. MAGDI (Director, Division for Private Sector in Development, UNDP) said that an important consideration was the close relationship between the Government and the private sector, which made it possible to establish acceptable intermediaries such as chambers of commerce and business associations. The role of such bodies in many developing countries was not well-defined and they sometimes lacked the ability adequately to represent the interests of the private sector. UNDP was thus trying to strengthen the intellectual capacity of those intermediaries. There was considerable scope for collaboration between UNDP and the chambers of commerce in both industrialized and developing countries, with a view to exchanging information on how such a chamber could play a useful role in promoting private-sector development.

60. UNDP had no intention of interfering in the operation of the normal market mechanisms or giving preference to any one enterprise over another. With regard to the question of duplication raised by the representative of Canada, he said that UNDP's activities and those of other agencies were not competitive but rather complementary in nature.

61. UNDP sought to view the marketplace as it actually existed and believed that, to help Governments to include the private sector in development efforts, it should ensure that the private sector was participating in target and programme formulation.

62. He agreed with the United States delegation that the amount of $4 million in SPR funds allocated was small but stressed that the intention was not to create a parallel programme for the private sector in development but to streamline that approach in the UNDP programme.

63. The PRESIDENT said that the Council had completed its general discussion of the sub-item. If he heard no objection, he would take it that the Council wished the Drafting Group to begin its preparation of a draft decision on the subject.

64. It was so decided.

(c) MICRO-CAPITAL GRANTS (DP/1992/16)

65. Mr. EDGREN (Assistant Administrator, United Nations Development Programme), introducing the sub-item, said that the Administrator's report (DP/1992/16) made an effort to summarize to date the experience of UNDP and its administered funds in the field of micro-capital support. While the

history of UNDP involvement in micro-capital assistance was relatively short, the report showed how that tool was already being applied flexibly and adapted to a wide variety of situations and needs.

66. Noting the artificial nature of a strict separation between technical cooperation and capital assistance when dealing with poverty alleviation and participation at the grass-roots levels, he said that new skills and knowledge might be key inputs in enabling poor people to take initiatives to improve their own lives or might simply result in increased frustration and alienation unless people had access to productive resources, including small amounts of capital.

67. In fact, financial mechanisms were rarely accessible to the poor. The success of the Grameen Bank micro-credit model and its widespread dissemination, even in the poor areas of industrialized countries, showed that there was a major gap to be filled. UNDP's approach had therefore been twofold. On the one hand, where analysis of a specific project's objectives clearly indicated that micro-capital assistance would be a key element to success but where no appropriate mechanism existed, UNDP was increasingly building into the project a pilot activity which would make small amounts of resources directly available to project beneficiaries. That activity might be managed by the project itself or contracted to a local institution.

68. At the same time, experience had shown that the activity would usually be sustainable only if a more permament mechanism was put into place. In many cases, seed money might serve as a catalyst to community or individual action with a wide multiplier effect. Moreover, a pilot activity might serve to raise awareness among national officials of what people could accomplish with small amounts of credit and of the financial viability of such schemes.

69. That objective was at the basis of many of the major recent regional and interregional initiatives which UNDP had launched, with the generous support of a number of donor Governments. UNDP's demonstrated capacity to carry out such programmes in a decentralized, flexible and participatory way had led the Global Environment Facility to designate UNDP to manage its small grants window, which would provide support to NGO and community-based projects in areas of the Facility's concern. It should be noted that NGOs, community-based organizations and local-government officials were key partners in the implementation of such programmes.

70. Mr. SOUTTER (Canada) said that his delegation generally supported the micro-capital concept. His own country's experience indicated that programmes of that type were not compatible with a heavy bureaucracy and, while proper reporting and accountability were certainly necessary, he hoped that formal systems and procedures would be kept flexible and local.

71. Mr. MACHIN (United Kingdom) said that his delegation clearly recognized the value of micro-capital grants in grass-roots activities and had supported the programmes in 1990. At that time, it had called for micro-capital assistance to be integrated into projects designed to minimize administrative efforts.

72. It seemed that UNDP had been using the facility carefully and his delegation therefore saw no reason why it should not continue to do so along the established lines. It could see no need for a further report on the issue before 1995.

73. Mr. DODSON (United States of America) said that the type of activities involving micro-capital assistance required considerable management attention. While his delegation agreed that UNDP had a comparative advantage in that area and that its contribution to micro-funds could play a catalytic role, the UNDP field offices might have to devote excessive management attention to overseeing those activities and the maintenance of adequate accountability for the use of such funds. It therefore requested that an independent evaluation of micro-capital grants should be undertaken, in time for UNDP to report the results thereof to the Governing Council in 1994.

74. Mr. EDGREN (Assistant Administrator, United Nations Development Programme) said that UNDP had had the same experience as France with regard to micro-capital grants. It was not asking for a decision on its activities in that field, and would continue to work along the same lines.

75. With regard to the United States request, the Secretariat was prepared to provide an evaluation report for the Governing Council in 1994. It should be noted, however, that no field offices had complained about the burden of managing the funds.

76. The PRESIDENT said that the Council had completed its general discussion of the sub-item. If he heard no objection, he would take it that the Council wished the Drafting Group to begin its preparation of a draft decision on the subject.

77. It was so decided.

(e) INTERNATIONAL YEAR FOR THE WORLD'S INDIGENOUS PEOPLE (DP/1992/61)

78. Mr. EDGREN (Assistant Administrator, United Nations Development Programme), introducing the Administrator's report (DP/1992/61), said that it was based on consultations with the relevant intergovernmental and other organizations, including indigenous people's organizations, and took account of the preparations being made in the United Nations system for the celebration of the International Year in 1993. Governing Council Decision 90/34 should provide a flexible framework within which UNDP could support activities which addressed the needs of indigenous communities, in particular at the grass-roots level of participation in development.

79. Four broad areas had been identified for action: improvement of living standards, economic and technological development, preservation of natural resources and environmental conservation, and cultural revitalization. It was essential that any such activity should be identified in full consultation with the groups involved, so as to ensure that projects were designed to meet the needs felt by the indigenous peoples themselves.

80. The relatively unfavourable position of such groups was perhaps a reflection of the rather low priority assigned to them in government programmes and strategies. The inclusion of activities targeting them in UNDP mainstream programmes might therefore require special attention, as part of the overall efforts to focus on human development.

81. Mr. OYARCE (Observer for Chile) said that the international community had made good progress towards recognizing the specific characteristics of the vulnerable groups to which the indigenous people belonged. Those communities were trying to assume responsibility for their own development in ways which would protect their rights, use their skills and knowledge and enable them to participate in all areas of development.

82. The International Year should reflect the international community's commitment to incorporating those sectors, with due respect for their cultural values, into political decision-making and international cooperation. UNDP could play an important role in that regard.

83. Two aspects of the cooperation projects for the indigenous sectors deserved special emphasis, namely, the need to incorporate the indigenous communities directly in the design, execution and evaluation phases, and the inclusion of environmental-impact assessment in indigenous projects, bearing in mind that the places in which these communities lived had normally fragile ecosystems.

84. In the light of UNDP's proposed future activities, as set out in the report, its active participation in the technical meetings in preparation for the International Year, was to be recommended.

85. His delegation approved of the two areas selected, namely, poverty eradication and grass-roots participation in development, and environmental problems and natural resource management, from the six major areas of focus for the fifth cycle, referred to in paragraph 5 in the report. They provided a frame of reference within which UNDP could support specific activities, in which cultural revitalization referred to in subparagraph 5 (d), might be considered as the starting point for a process of transition from marginality and discrimination to multicultural social communities with adequate scope for human development.

86. As far as chapter IV of the report was concerned, clarification was required as to the amount of IPF resources which might be available to meet the needs of the indigenous communities. It might also be useful to consider allocating special programme resources (SPR) to the indigenous peoples. In that connection, consideration should be given to establishing a specific SPR category for such activities.

87. Ms. GALVIS (Observer for Colombia) said that the International Year should be considered as a starting point for an ongoing series of programmes which would result in the true development of the world's indigenous populations. Only in that way could those people hope to assume authority for their own development. The active participation of UNDP could help to ensure the attainment of those aims, on account of its special pivotal role in programme execution.

88. The International Year had been approved by the General Assembly to establish strategies for action for the indigenous communities, particularly in such important sectors as human rights, education, health and development. Inter-agency coordination should therefore be firmly established, to ensure the success on which so many hopes and lives depended.

89. The Centre for Human Rights had convened technical meetings in preparation for the International Year, particularly with a view to establishing inter-agency coordination. It was therefore important to secure the attendance of all agencies which could contribute to the planning of ongoing programmes for execution in 1993. UNDP's presence would be both welcome and valuable.

90. Mr. SOUTTER (Canada) said that his delegation, which welcomed UNDP's growing involvement with the development concerns of indigenous people, generally supported the proposed plan of activities for UNDP. However, it was of utmost importance that a full participatory process be used in planning and implementing the development activities described. As noted by the representative of Chile, indigenous people should be fully involved in all aspects of the project cycle. In many cases, that would mean thorough familiarization with their traditional-knowledge systems, governance systems, problem-solving procedures, and such diverse areas as traditional medicine and land-tenure practices.

91. UNDP should also seek to establish processes whereby capacity-building could be effected through the transfer of knowledge and skills between various groups of indigenous people. To that end, initiatives involving international exchanges between indigenous communities, on both a South-South and North-South basis, should be encouraged.

92. As the representative of Colombia had stated, development initiatives begun as part of the United Nations International Year should be carried on into the future. Activities should therefore be designed to be sustainable and to have an impact beyond 1993. To that end, UNDP should begin to formulate a clear plan of activities forthwith.

93. As the Centre for Human Rights had been designated as the central coordinator for the International Year, UNDP should coordinate its own plans in close collaboration with the Centre, and should therefore take an active and significant part in the preparatory technical meeting to be held in July 1992.

94. Mr. SEED (New Zealand) said that the designation of 1993 as the International Year for the World's Indigenous People provided an opportunity for Governments, communities and individuals to acknowledge the special place of indigenous peoples in many societies and to recognize the contribution they could make to sustainable development.

95. His delegation had supported the designation of the International Year by sponsoring the relevant United Nations resolutions, and had also supported the efforts of various parts of the United Nations system to focus on the year

and, within their mandates, to mark it in a practical and positive way. UNDP's involvement in that process was welcome and its participation in coordination meetings with United Nations bodies and specialized agencies should continue.

96. UNDP had already made an important contribution to addressing the concerns of indigenous people, and should redouble its efforts to incorporate indigenous perspectives into existing programmes and projects rather than focusing solely on separate programme initiatives. In that context, the intention expressed by the Administrator in paragraph 6 of his report (DP/1992/61) to consult and involve indigenous people in planning for the year and in the execution of activities and projects was most welcome.

97. The International Year should lead to a long-term commitment to addressing the place and role of indigenous people. That commitment could be met only by ensuring that indigenous people were involved on a continuing basis at all levels in addressing global issues of importance to them.

98. Mr. HOLTHE (Norway) said that UNDP could play a significant role in the formulation of policies central to the development and improvement of the living conditions of indigenous peoples. The need for coordination among intergovernmental organizations in activities related to the International Year had been stressed at the technical meeting held in March 1992. UNDP should therefore ensure that its activities were well coordinated and would contribute to the development of indigenous peoples in the long term. Against that background, it was to be hoped that UNDP would participate in the resumed technical meeting in July 1992.

99. Mr. DODSON (United States of America) said that the content of the Administrator's report (DP/1992/61) was appropriate to its mandate. He agreed with the points raised by the representatives of Chile and Canada with regard to the need for participation and capacity-building, two important elements in any development effort.

100. The degree to which UNDP's proposals were integrated into its programmes was welcome. Its activities in commemoration of the International Year should be financed either from existing or extrabudgetary resources.

101. Mr. EDGREN (Assistant Administrator, United Nations Development Programme) said that the Secretariat was grateful for the comments on UNDP's special role in cooperating and helping indigenous peoples. The point made by a number of representatives that any activities executed during the International Year should be part of a sustainable programme had been noted. It would take time to build up cooperation of that sort on a participatory basis, but the Secretariat was confident of being able to develop programmes that would continue for the foreseeable future. Its greatest concern was less with financial resources than with the developing of good programmes and projects and working at the grass-roots level.

102. With regard to suggestions that an SPR allocation should be made for indigenous programmes, it would be better if the Programme were to use SPR under the different headings which already existed for that purpose, rather than to set aside a special amount, as it was not yet known under which particular heading the activities would be developed.

103. It was a matter for the Governments concerned to indicate whether or not they wished to use IPF resources for indigenous peoples, rather than for UNDP to tell Governments to set a certain percentage aside for the purpose. In such matters, the UNDP could play an advocacy role only. The Council could, in any case, rest assured that everything would be done to integrate indigenous peoples into the programmes. In that connection, it agreed with the representatives of the United States and New Zealand that that course of action was preferable to setting up special projects. Lastly, UNDP would participate in the technical meeting to be held in July 1992 in preparation for the International Year.

104. The PRESIDENT said that the Governing Council had completed its discussion on the sub-item and on agenda item 3 as a whole. If he heard no objection, therefore, he would take it that the Council wished the Drafting Group to begin its preparation of draft decisions on those subjects.

105. It was so decided.

OTHER MATTERS (agenda item 11):

(a) VENUE OF SESSIONS OF THE GOVERNING COUNCIL (DP/1992/49 and DP/1992/L.5)

106. The PRESIDENT said that the Admistrator's note (DP/1992/49) was self-explanatory. A minor typographical error appeared in paragraph 15, however, in which the last sentence should read: "However, more observers (205 versus 195) attend sessions in New York".

107. Mr. ROHNER (Switzerland) said that both the General Assembly and the Governing Council had frequently reiterated the principle of alternating sessions between New York and Geneva. That practice highlighted the special role of UNDP as the central programming, financing and coordinating body for technical cooperation within the United Nations system. The alternating of sessions in that way had undoubtedly resulted in greater consistency and coordination between partner institutions within the system and their governing bodies.

108. Sessions held at the United Nations office at Geneva, where there was a large concentration of specialized agencies, gave delegates a better insight into the interaction between the various bodies of the system, and enabled them to take part in decision-making with a full understanding of the issues involved.

109. The Administrator's report (DP/1992/49) confirmed that the cost to UNDP of a Council session at Geneva was lower than in New York. Paragraph 15 of the report, moreover, stated clearly that the session of the Governing Council at Geneva in 1990 had been attended by more Council members and more representatives from specialized agencies and United Nations bodies.

110. In view of the detailed review of the United Nations operational system as a whole, which would undoubtedly be discussed by the Economic and Social Council at its New York session in July 1992, of the fact that the practice of alternating sessions could not be dealt with in isolation and of, the important proposal by the Government of Germany that UNDP and UNFPA headquarters should be transferred to Bonn, the current formula should be retained for the time being.

111. Mr. KOIKE (Japan) recalled that, at the Council's 1991 session, the delegations of Japan, Colombia, Egypt, India, Malaysia, Peru, Philippines and Uruguay had sponsored a draft decision aimed at ensuring UNDP adherence to the general principle of the United Nations, namely, that United Nations bodies should meet at their respective established headquarters. That draft resolution had been referred to the current session of the Governing Council for consideration under the symbol DP/1992/L.5. In that connection, there were a number of points to be borne in mind.

112. In the first place, the General Assembly had stipulated in its resolution 45/264 that restructuring and revitalization of the United Nations system should be examined and pursued while ensuring the most efficient and effective use of the financial and human resources of the United Nations system in the economic, social and related fields. In the light of that resolution, Governing Council Decision 89/63 needed to be reviewed.

113. The only exceptions to the general principle of the United Nations with regard to meetings venues, were UNDP, the International Law Commission and UNCITRAL, the two latter consisting of small numbers of legal experts participating in their personal capacities, not inter-governmental bodies like the Governing Council of UNDP. Furthermore, since the governing bodies of all the specialized agencies met at their headquarters, it was abnormal for UNDP to meet every other year away from New York. However, that should not prevent the Governing Council from deciding to meet in other places, on an ad hoc basis, at the invitation of a Member State.

114. Furthermore, the missions in New York followed the activities of UNDP very closely, which the missions in Geneva were unable to do, and while a large number of the States Members of the United Nations had missions in New York, far fewer had permanant missions in Geneva. Delegations without missions in Geneva did not receive the necessary logistic support. In addition, most observer countries, which regularly liaised with UNDP in New York, cound not afford to send members of their New York missions to Geneva. In that connection, paragraph 15 of the report was misleading. A comparison of the attendance figures for 1988 and 1989 showed that more Governing Council members attended the New York sessions. His delegation therefore proposed that the Administrator should solicit the views of Member States on the matter and report to the Governing Council accordingly.

115. As far as the UNDP secretariat itself was concerned, only some 38 of its staff members were able to attend the Council sessions in Geneva. Similarly, UNFPA and the Department of Economic and Social Development (DESD), could send only a limited number of staff members. In view of those restrictions,

delegations could not obtain adequate secretariat support at short notice during Council sessions. The cumulative costs of the sessions themselves were a further cause for concern. According to annexes II and III of the report, the incremental costs to UNDP alone were US$ 271,000 for sessions at Geneva, while the incremental costs to UNFPA and DESD were $82,000 and $17,560 respectively.

116. According to annex I of the report, the full cost estimates for Geneva were $420,000 less than for New York. There seemed little point in comparing full cost estimates, however, when prices and post adjustments in Geneva were some 60 per cent higher than in New York. He therefore requested the Secretariat to provide actual cost data for the 1991 Governing Council session in New York and the 1992 Governing Council meeting at Geneva, so that a meaningful comparison could be made.

117. His delegation intended to request ACABQ to examine the incremental costs to be charged to the United Nations budget, UNDP and UNFPA of holding a UNDP Governing Council session at Geneva and in New York and to report to the Governing Council.

118. The delegation of Switzerland had referred to the number of specialized agencies in Geneva. It should be remembered, however, both the World Bank and the International Monetary Fund had their headquarters at Washington, and that all specialized agencies were represented in New York at director level, while the United Nations organs were represented at a high professional level. Representation in New York was not a problem. Lastly, the argument that UNDP was the central technical cooperation funding body within the United Nations system was not in itself sufficient justification for holding regular sessions away from its headquarters.

119. Mr. BARREROS (Portugal), speaking on behalf of the 12 States members of the European Community, said that it was clear that conference costs were lower at Geneva than in New York and that the attendance records for recent Governing Council sessions revealed a balance in favour of Geneva. The States of the European Community would accordingly prefer to retain the status quo, and hold Governing Council sessions in New York and Geneva alternately, following the current practice of the Economic and Social Council.

120. Mr. TRAXL (Austria) endorsed the views of the previous speaker.

121. Mr. RADZI (Malaysia) said he fully endorsed the views expressed by the representative of Japan. The holding of Governing Council sessions away from New York greatly inconvenienced small delegations with no permanent representation at Geneva.

122. Mr. CLAVIJO (Observer for Colombia) said that the holding of sessions at Geneva was often inconvenient and the costs to delegations were wellnigh prohibitive. The Council was entitled to see the costs actually incurred rather than "full cost estimates". In any case, his delegation was in favour of all Governing Council sessions being held in New York.

123. Mr. SHARMA (India) said that the costs needed to be recalculated, so as to provide the Council with a realistic picture.

124. Mr. SOUTTER (Canada) said that, while he was in favour in principle of holding sessions of a governing body at the organization's headquarters, it was more important to shorten the agenda, reduce the volume of documentation and curtail the length of the sessions.

125. Mr. SEED (New Zealand) said that the cost estimates in the Administrator's note (DP/1992/49) raised more questions than they answered. Sessions in New York were certainly better attended by observers, since many countries did not maintain permanent missions at Geneva. The holding of all Governing Council sessions in New York would make clear to all concerned the great value which UNDP placed on the fullest participation in its business.

126. Mrs. DUDIK-GAYOSO (United States of America) said that the financial, programmatic and administrative aspects of the venue of Governing Council sessions had been frequently discussed. The Administrator's note suggested that the savings to the United Nations regular budget, as a result of holding Governing Council sessions in Geneva, were minimal. Moreover, the "full cost estimate" was not the actual cost of holding the session and, the additional real costs to UNDP, UNFPA and the United Nations Department of Economic and Social Development might amount to as much as $370,000.

127. There was the further problem that holding the sessions away from headquarters required UNDP and UNFPA to relocate key staff members for an extended period of time, which might lead to management problems and delays in work. Observer delegations appeared to prefer New York as a venue, while most Geneva-based organizations maintained liaison officers in New York.

128. On balance, therefore, her delegation strongly supported draft decision DP/1992/L.5, which called on the Governing Council to convene its sessions only in the location of the United Nations Development Programme headquarters in New York from 1993 onwards, unless it should specifically decide to meet at other locations.

129. Mr. JASINSKI (Poland) said that, in addition to other advantages, the holding of Governing Council sessions in New York and Geneva alternately was valuable in affording delegates a global perspective. The current practice should accordingly be retained.

130. Mr. SUN Jie (China) said that the Governing Council's status would be greatly enhanced if all sessions were held in New York.

131. Mr. GRAISSE (Secretary of the Governing Council) said that a number of questions had been asked by representatives concerning the cost estimates in the Administrator's note (DP/1992/49). The estimates were, in fact, cost estimates prepared by the United Nations in New York, which had presented them in customary form, using customary procedures. If the members of the Governing Council so desired, he would refer the request for real costs to the United Nations and report back to the Governing Council.

(d) PROPOSAL CONCERNING LOCATION OF UNDP AND UNFPA HEADQUARTERS

132. Mr. KURTH (Germany) said that, following the introduction of the proposal by the Parliamentary State Secretary of the Ministry for Economic Cooperation of Germany, Mrs. Geiger, his delegation had circulated a detailed text of the offer, together with a leaflet giving details of Bonn and its facilities. He would, however, like to highlight the main considerations underlying the proposal and offer some ideas on how to proceed further with the matter.

133. Despite all the additional problems and financial burdens currently afflicting his country, arising basically from the internal unification process, his Government was firmly resolved to shoulder its increased international responsibilities and to live up to the expectations expressed by many countries. That would mean inter alia greater involvement by Germany in the operational activities of the United Nations system responsible for the economic and social development of the developing countries. The idea that Bonn should become an international and national centre for North-South cooperation had arisen from a comprehensive discussion within his Government of the issues involved. In implementation of that idea, the Ministry of Economic Cooperation and other relevant Federal Ministries would remain in Bonn, and there were plans to move national development cooperation institutions to Bonn also, with the aim of increasing the emphasis on multilateral technical cooperation. That was the background to the German invitation to UNDP and its affilitated Funds to move their headquarters to Bonn.

134. Such a move would reinforce the current trend toward better coherence of the United Nations development system and bring many concomitant advantages as well, one obvious example being improved coordination and cooperation with the United Nations specialized agencies in Europe. UNDP would move closer to the European donor community and to the headquarters of the European Community, an organization with a sizeable programme of assistance for developing countries. Lastly, it would bring UNDP much closer to Africa, where most of the least developed countries were concentrated and where increased and improved technical assistance was badly needed. If the United Nations development system and its operational activities were thus rendered more cost-effective and efficient, that would outweigh any disadvantages that might arise from the geographical separation of UNDP from the political decision-making centre of the United Nations.

135. His Government was prepared to cover all relocation expenses. The offer had been made in fairly precise terms and careful consideration had been given to the interests of staff members and of representatives of Member States visiting UNDP and attending conferences. Bonn was a charming and cosmopolitan city, situated in a beautiful location in the Rhine Valley, and its quality of life had quite a number of attractions.

136. The German offer had been formally presented to the Secretary-General, to the States members of the Governing Council and to a number of other countries. Reactions ranged from spontaneous support, through expressions of keen interest and appreciation, combined with requests for clarification, to some expressions of concern.

137. Such a basic change in the geographical pattern of the various organizations and institutions of the United Nations development system would have major legal, financial and technical implications, and a decision could not and should not be taken in a hurry. He very much hoped, however, that a consensus could be reached at the current session that the offer merited careful examination. A thorough assessment could then be made of the various implications of the proposal and presented in a report to the Governing Council at its next session. The Administrator could at the same time consult the relevant departments of the United Nations Secretariat on those aspects which were not exclusively under his jurisdiction.

138. The fine-tuning of any decision to be taken by the Council could be carried out in the Drafting Group and his Government would then table a draft proposal. All it was asking for at the current stage was what the Secretary-General had promised Chancellor Kohl when they had discussed the matter a week previously: a fair and comprehensive examination.

139. Ms. JIMENEZ (Observer for Mexico) said that she had listened with the greatest interest to the statement by the representative of Germany and would take careful note of what he had said. The whole question touched on a point of principle, however, which she wished to put before the Council, namely, that the executive organs of the United Nations should, as far as possible, be located at one of the headquarters of their parent organization, the United Nations itself. There was the further consideration that the location of UNDP in a country outside the various headquarters of the United Nations might conceivably result in the region of the country in question being favoured at the expense of other developing regions.

The meeting rose at 6 p.m.